

04/38/

UNCLASSIFIED

FRP: . . . 5 . . .

STATE

STAT

82 7822530 SUO

PAGE 001

NC 7822530

TOR: 162343Z JAN 82

STAT

OO RUEA11B
 ZNR UUUUU ZDC STATE ZZH
 OO RUEHC
 DE RUEHC #1726 0162306
 ZNR UUUUU ZZH
 O 162259Z JAN 82
 FM SECSTATE WASHDC
 TO AMEMBASSY RABAT IMMEDIATE 0000
 BT
 UNCLAS STATE 011726

RABAT ALSO FOR DOC ASST. SEC. MORRIS

E.O. 12065: N/A

TAGS: ENHG

SUBJECT: VISIT OF MOROCCAN COAL SECTOR REPRESENTATIVES TO
 THE U.S.

1. SUMMARY: ALTHOUGH VISIT OF MOROCCAN COAL SECTOR REPRESENTATIVES WAS SHORTENED BY BAD WEATHER CONDITIONS, THEY HAD A MOST USEFUL ROUND OF TALKS IN WASHINGTON, D.C. WITH USG AND INDUSTRY OFFICIALS. MOROCCANS INTEND TO BEGIN SIGNING COAL SUPPLY CONTRACTS IN THE NEAR FUTURE, BUT HAVE NOT YET DECIDED HOW TO RESOLVE SHORT-TERM COAL PORT CAPACITY PROBLEMS. END SUMMARY

2. MESSRS. KHETTOUCH, AQUAD, HOUDAIGUI, AND TIBARY HAVE RETURNED TO NEW YORK AFTER A WEEK OF ACTIVITIES IN THE U.S. THE MEETING IN DENVER WITH THE USGS ON 3-D SEISMIC DRILLING TECHNOLOGY AND THE TOUR OF A COASTAL STATES COMPANY UNDERGROUND COAL MINE IN SALINA, UTAH UNFORTUNATELY HAD TO BE CANCELLED DUE TO WEATHER CONDITIONS IN WASHINGTON AND ON THE ENTIRE EAST COAST.

3. HOWEVER, VERY SUCCESSFUL MEETINGS DID TAKE PLACE IN

UNCLASSIFIED

UNCLASSIFIED

STATE

82 7822530

SUO

PAGE 002

NC 7822530

(TOR: 162343Z JAN 82)

WASHINGTON WITH U.S. DOE ASSISTANT SECRETARIES THOMAS AND MARES, MIKE CARD, EXECUTIVE DIRECTOR OF THE COAL INTER-AGENCY WORKING GROUP, THE PRESIDENT AND VICE PRESIDENT OF THE NATIONAL COAL ASSOCIATION, STAFF OF THE USGS IN RESTON,

VIRGINIA, AND THE LEGISLATIVE ASSISTANTS FOR SENATOR WARNER (R-VA) AND CONGRESSMAN ROGERS (R-KY).

3. DURING THE MEETING AT DOE, ASSISTANT SECRETARY OF ENERGY FOR INTERNATIONAL AFFAIRS, HENRY THOMAS, UNDERScoreD SECRETARY EDWARDS' STRONG PERSONAL COMMITMENT TO CONTINUE IN CLOSE CONTACT WITH THE MOROCCANS ON ENERGY MATTERS, PARTICULARLY AS THEY MOVED TO INCREASE THEIR USE OF COAL. ASSISTANT SECRETARY THOMAS ASSURED THEM THAT THE DOE WOULD DO ALL IT COULD TO FACILITATE MOROCCAN CONTACTS WITH U.S. INDUSTRY AND THAT IN LINE WITH THIS HE WOULD PERSONALLY DISCUSS THEIR FUTURE PLANS WITH ASSISTANT SECRETARY OF COMMERCE, WILLIAM MORRIS, AND WITH SECRETARY EDWARDS.

4. MR. THOMAS TOLD THE DELEGATION OF THE PROGRESS WHICH HAS BEEN MADE IN AREAS OF KEY CONCERN TO MOROCCO SINCE SECRETARY EDWARDS' JUNE VISIT--THE TOSCO AND PARIBAS CONTRACTS TO DEVELOP MOROCCAN OIL SHALE DEPOSITS, USG FACILITATION OF IBRD FINANCING OF MOROCCO'S T3 RETORTING PROGRAM, AND THE SIGNING OF AN ARCO OIL EXPLORATION CONTRACT

5. THE MOROCCANS DID NOT RAISE THE SUBJECT OF PHOSPHATE DURING THEIR WASHINGTON VISIT.

6. ASSISTANT SECRETARY FOR FOSSIL ENERGY, JAN MARES, TOLD THE DELEGATION THAT U.S. INDUSTRY HAS THE PRODUCTIVE CAPACITY IN PLACE TO SUPPLY MOROCCO AND OTHER COUNTRIES WITH COAL AND THAT THE U.S. IS A RELIABLE SUPPLIER. HE STATED THAT IN THE 70 TO 80 YEARS THE U.S. HAS BEEN IN THE COAL BUSINESS, THE U.S. GOVERNMENT HAS NEVER INTERRUPTED COAL TRADE, EVEN DURING THE LAST TWO MINERS' STRIKES.

7. NATIONAL COAL ASSOCIATION PRESIDENT, CARL BAGGE, MADE AVAILABLE TO THE DELEGATION A LIST OF ITS MEMBER COMPANIES WITH WHICH THE MOROCCANS MAY BE IN CONTACT FOR POSSIBLE COAL CONTRACTS.

UNCLASSIFIED

UNCLASSIFIED

STATE

82 7822530

SUO

PAGE 003

NC 7822530

TOR: 162343Z JAN 82

8. THE GROUP ALSO WAS ABLE TO TRAVEL TO PENNSYLVANIA AND WERE WARMLY RECEIVED BY MIKE CLARK, PRESIDENT OF THE ANTHRACITE INDUSTRY ASSOCIATION, ROBERT RISSINGER, PRESIDENT OF KOCHER COAL COMPANY, LEON RICHTER, VICE PRESIDENT FOR MINING AT KOCHER COAL COMPANY, AND OFFICIALS FROM THE COMMONWEALTH OF PENNSYLVANIA--FRANK MOHNEY, EXECUTIVE DEPUTY SECRETARY OF THE DEPARTMENT OF COMMERCE, AND FRANK BONNER, FOSSIL FUELS COORDINATOR FOR THE PUBLIC UTILITY COMMISSION. MOROCCANS ALSO TOURED KOCHER COAL MINE, THE ONLY REMAINING DEEP MINE FOR ANTHRACITE IN THE U.S., WITH CURRENT PRODUCTION AT 200,000 TONS.

9. THE MOROCCAN COAL REPRESENTATIVES CAME TO THE U.S. PRIMARILY ON A FACTFINDING MISSION FOR FUTURE COAL BUYING DELEGATIONS. DISCUSSIONS CENTERED ON RESPECTIVE U.S. AND MOROCCAN COAL INDUSTRIES, PORT FACILITIES, IMPORT/EXPORT MARKETS AND FORECASTS, CONTRACT AND SHIPPING TERMS, COAL SPECIFICATIONS FOR ELECTRICITY AND CEMENT PRODUCTION, SHIP TONNAGE, AND MINING TECHNOLOGY.

10. U.S. GOVERNMENT AND INDUSTRY OFFICIALS LEARNED OF THE MOROCCANS DESIRE TO DIVERSIFY AND STABILIZE THEIR ENERGY INDUSTRY THROUGH INCREASED IMPORTS OF STEAM COAL. THE MOROCCANS HOPE TO SIGN THEIR FIRST CONTRACT THIS YEAR FOR 100,000 TONS; FOR 1983--300,000 TONS, 1985--1-1.5 MILLION TONS, AND 1990--2 MILLION TONS, TO BE USED PRIMARILY IN THE ELECTRIC GENERATION AND CEMENT INDUSTRIES. MR. KHETTUCH INDICATED THAT THE U.S. WAS THE DESIRED SUPPLIER, EVEN AT LESS COMPETITIVE PRICES, BECAUSE AUSTRALIA WAS TOO FAR AND SOUTH AFRICA TOO UNSTABLE. ENGLAND AND EUROPE ARE NOT BEING CONSIDERED BECAUSE THEY DO NOT OFFER AS MANY SUPPLY ALTERNATIVES AS THE U.S.

11. THE MOROCCANS WANT TO BUY COAL ON A CIF BASIS; HOWEVER, THEY SEE SHIPPING COSTS AS A PROBLEM. THE PORT AT CASABLANCA HANDLES SHIPS OF 10,000 DWT ONLY. ADDITIONAL PORT FACILITIES ARE BEING CONSTRUCTED AT MOHAMMEDIA WHICH WOULD ALLOW FOR SHIPS OF 50-80,000 DWT. HOWEVER, THESE WILL NOT BE OPERATIONAL UNTIL AFTER 1985. THEY WERE TOLD THAT THE U.S. WAS ABLE TO EXPORT COAL IN 10,000 DWT SHIPS, BUT THAT THE COSTS WOULD BE HIGHER. THE MOROCCANS SAID THEY WERE CONSIDERING, IN THE SHORT-TERM, TRANSSHIPPING U.S. COAL TO MOROCCO

UNCLASSIFIED

UNCLASSIFIED

STATE

82 7822530

SUO

PAGE 004

NC 7822530

TOR: 162343Z JAN 82

THROUGH ROTTERDAM IN LARGER SHIPS TO KEEP COSTS DOWN. U.S. REPRESENTATIVES INDICATED THAT THIS WAS A BETTER ALTERNATIVE IN THE SHORT-TERM.

12. THE DELEGATION WAS ASSURED THAT THE U.S. WILL BE A RELIABLE SUPPLIER, THAT AMERICAN COAL PRODUCERS ARE ANXIOUS TO ENTER INTO LONG-TERM CONTRACTS, AND THAT THE U.S. GOVERNMENT IS WORKING TO AID THE COAL INDUSTRY TO EXPORT BY REDUCING REGULATORY IMPEDIMENTS.

13. ON JANUARY 18, KHETTOUCH AND HOUDAIGUI WILL TRAVEL TO MOBILE, ALABAMA TO VISIT WITH RUHRKOHLE REPRESENTATIVES AND TOUR PORT FACILITIES AND A COAL MINE. ON JANUARY 20, DOE HAS ARRANGED, IN CONJUNCTION WITH THE BUREAU OF MINES, FOR A VISIT OF THE GARDINIER COMPANY, A PHOSPHATE PRODUCER, IN TAMPA, FLORIDA. KHETTOUCH AND HOUDAIGUI WILL TOUR GARDINIER'S PHOSPHATE MINE AND THE URANIUM FROM PHOSPHATE EXTRACTION FACILITY. IN ADDITION, THEY WILL HAVE DINNER WITH REPRESENTATIVES OF THE JACOBS ENGINEERING COMPANY AND

WILL MEET WITH THE CHAIRMAN OF THE BOARD OF GARDINIER AND THE DIRECTOR OF THE FEDERAL INSTITUTE OF PHOSPHATE RESEARCH. HAIG

END OF MESSAGE UNCLASSIFIED